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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: February 29, 1992, OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number: 0-18768

INPUT/OUTPUT, INC.

(Exact name of registrant as specified in charter)

PROCESSED BY
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Delaware	22-2286646
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4235 Greenbriar Drive, Stafford, Texas (Address of principal executive off	77477 (Zip Code)

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Q-Data Corp. - St. Petersburg, FL

Registrant's t[illegible]one number, including area code: (713) 240-2288

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

At February 29, 1992 there were 7,258,880 shares of common stock, par value $0.01 per share, outstanding.

BEST COPY AVAILABLE

INPUT/OUTPUT, INC. AND SUBSIDIARY

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For The Quarter Ended February 29, 1992

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INPUT/OUTPUT, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

ASSETS	February 29, 1992 (unaudited)	May 31, 1991
Current assets:		
Cash and equivalents	$5,414	$6,335
Trade receivables, net	10,810	2,566
Notes receivable	2,581	4,120
Inventories	12,463	12,607
Prepaid expenses	448	467
Total current assets	30,916	26,095
Noncurrent notes receivable, excluding current installments	3,359	3,813
Property, plant and equipment, net	5,955	5,106
Identified intangibles, net	5,381	5,721
Other assets	308	95
	$45,919	$40,830

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of lease obligations	$ 63	$ 329
Current installments of long-term debt	1,772	1,641
Accounts payable, principally trade	2,673	3,076
Accrued expenses	3,716	2,606
Income taxes payable	1,727	312
Total current liabilities	8,951	7,964
Lease obligations, excluding current installments	26	52
Long-term debt, excluding current installments	818	2,023
Deferred income taxes	1,983	1,507
Stockholders' equity:		
Preferred stock, $.01 par value; authorized 5,000,000 shares; none issued.	—	—
Common stock, $.01 par value; authorized 25,000,000 shares; issued 7,258,880 shares in 1992; 7,264,880 in 1991	73	73
Additional paid-in capital	22,854	22,102
Retained earnings	13,418	7,894
Unamortized restricted stock compensation	(284)	(785)
Total stockholders' equity	35,841	29,284
	$45,919	$40,830

See accompanying notes to consolidated financial statements.

INPUT/OUTPUT, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three months ended February 29,		Nine months ended February 29,	
	1992	1991	1992	1991
Net sales and other operating revenues	$12,385	$8,825	$34,766	$26,340
Cost of sales and other operating revenues	6,831	4,896	18,434	13,755
Gross profit	5,554	3,929	16,332	12,585
Operating expenses:				
Research and development	1,119	843	3,232	2,563
Marketing and sales	438	489	2,299	1,404
General and administrative	881	638	2,765	2,039
Amortization of identified intangibles	113	114	340	341
Total operating expenses	2,551	2,084	8,636	6,347
Earnings from operations	3,003	1,845	7,696	6,238
Interest expense	(68)	(251)	(252)	(873)
Other income	289	220	926	590
Earnings before income taxes	3,224	1,814	8,370	5,955
Income tax expense	1,097	617	2,846	2,025
Net earnings	$2,127	$1,197	$5,524	$3,930
Earnings per common share	$0.29	$0.22	$0.76	$0.72

See accompanying notes to consolidated financial statements.

INPUT/OUTPUT, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine months ended February 29,	
	1992	1991
Cash flows from operating activities:		
Net earnings	$5,524	$3,930
Adjustments to reconcile net earnings to net cash provided (used in) operating activities:		
Depreciation and amortization	831	926
Amortization of restricted stock compensation	233	—
Deferred income taxes	(424)	(324)
Changes in assets and liabilities:		
Receivables	(5,451)	2,306
Inventories	144	(4,302)
Leased equipment	189	—
Accounts payable and accrued expenses	(294)	1,313
Income taxes currently payable	1,415	1,827
Other	(193)	(315)
Net cash provided by operating activities	1,974	5,361
Cash flows from investing activities:		
Capital expenditures	(1,529)	(2,323)
Cash flows from financing activities:		
Borrowing from bank	—	676
Payments on lease obligations and long-term debt	(1,366)	(1,246)
Payment on redemption of preferred stock	—	(2,072)
Net cash used in financing activities	(1,366)	(2,642)
Net increase (decrease) in cash and equivalents	(921)	396
Cash and equivalents at beginning of year	6,335	1,295
Cash and equivalents at end of quarter	$5,414	$1,691

See accompanying notes to consolidated financial statements.

INPUT/OUTPUT, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) General

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The financial statements reflect all adjustments which are, in the opinion of management, necessary to fairly present such information. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including significant accounting policies, normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K filed for the year ended May 31, 1991.

(2) Inventories

Inventories are stated at the lower of cost (primarily first-in, first-out) or market. A summary of inventories follows (in thousands).

	February 29, 1992 (unaudited)	May 31, 1991
Raw materials	$7,265	$6,247
Work-in-process	3,339	3,133
Finished goods	1,859	3,227
	$12,463	$12,607

(3) Statement of Cash Flows

The Company generally considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalent.

Supplemental disclosures of cash flow information for the nine months ended February 29, 1992 and 1991 follows (in thousands):

	1992 (unaudited)	1991 (unaudited)
Cash paid during the periods for:		
Interest (net of amount capitalized)	$ 252	$ 873
Income taxes	1,890	—

INPUT/OUTPUT, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

(4) Earnings per Share

Earnings per common share were computed using the weighted average number of shares outstanding adjusted for the incremental shares attributed to outstanding options to purchase common stock. Shares used in earnings per share computation were as follows (in thousands):

	Three Months Ended February 29,		Nine Months Ended February 29,	
	1992	1991	1992	1991
	(unaudited)		(unaudited)	
Primary	7,349	5,460	7,314	5,460
Fully diluted	7,414	—	7,340	—

(5) Related Party Transactions

At February 29, 1992 and May 31, 1991, Triton Energy Corporation (Triton) had guaranteed $4,752,000 (unaudited) and $6,576,000, respectively, of loans from unaffiliated parties to purchasers of seismic equipment from the Company. Triton has not incurred any losses on these guarantees. The Company has indemnified Triton against any loss as a result of the guarantees.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview and Outlook:

The Company sold its second I/O SYSTEM TWO™ seismic data acquisition system, the first I/O SYSTEM TWO to a major seismic contractor in the third quarter. The I/O SYSTEM TWO is the world's first land seismic data acquisition system incorporating 24 bit analog to digital delta sigma modulation technology and is further evidence of the Company's strong commitment to research and development.

The Company's results reflect the growing importance of 3-D seismic surveys in oil and gas exploration and the shift toward increased exploration activity overseas. This trend is evidenced by the fact that 90% of the I/O SYSTEMs sold to date are deployed outside the United States.

Results of Operations:

Revenue:
The Company had record third quarter net sales and other operating revenues of $12.4 million, a 40% increase from the $8.8 million in the third quarter of the prior year. The Company recorded four I/O SYSTEM ONE™ and one I/O SYSTEM TWO sales during the third quarter compared to three I/O SYSTEM ONE sales in the third quarter of the prior year. The Company also experienced strong equipment sales to expand previously sold systems. Total revenues for the nine months of the current fiscal year were $34.8 million, up 32% from $26.3 million in last year's first nine months. Twelve I/O SYSTEM ONEs and two I/O SYSTEM TWOs were sold during the first nine months of fiscal 1992 compared to eleven I/O SYSTEM ONEs for the prior year. The increase in revenue is attributable to the introduction of I/O SYSTEM TWO and to continued acceptance of the I/O SYSTEM ONE in the international marketplace and equipment sales to expand previously sold I/O SYSTEM ONEs.

Gross Profit:
The gross profit margin on the Company's product sales remained relatively constant for the third quarter at 44.8% compared to 44.5% for the prior year. For the nine month period the gross profit margin was 47.0% compared to 47.8% for last year's first nine months.

Operating Expenses:
Operating expenses increased $467,000 or 22% for the third quarter over last year's quarterly expenses. Research and development expense increased by $276,000 or 33% over the third quarter of the prior year primarily due to increased staffing and compensation expense. Marketing and sales expenses decreased by $51,000 or 10% from the last year's third quarter primarily due to no commissions on foreign sales. General and administrative expenses for the third quarter increased by $243,000 or 38% from the prior year's third quarter due primarily to costs associated with being a public company.

Operating expenses for the first nine months of the current year were $2.3 million or 36% more than the first nine months of the prior year due primarily to increased staffing and compensation expense in research and development, commissions on foreign sales during the first half of the fiscal year in marketing, and the costs of being a public company in general and administrative.

Interest Expenses:
Interest expense for the third quarter declined $183,000 or 73% from the prior year due primarily to repayment of indebtedness to former parent. For the nine months interest expense declined $621,000 or 71% primarily due to repayment of debt to former parent.

Liquidity and Capital Resources

In September 1991, the Company entered into an agreement with its lead bank whereby the bank committed to product sale and working capital financing of $10.2 million. The product financing program will be used to provide equipment financing to credit worthy customers. As of the end of the quarter, none of the available working capital funds had been utilized.

The Company financed its operations through available cash as of the end of the prior fiscal year and funds generated through normal operating activity for the first nine months of the current year. Cash provided by operating activities for the current year was $2.0 million compared to $5.4 million in the prior year. This decrease was primarily caused by large accounts receivable outstanding at the end of third quarter due to large sales in February, the last month of the quarter. As of the end of the nine months of the current year the Company had approximately $5.4 million in cash and equivalents.

The Company used approximately $1.5 million for capital expenditures during the first nine months of the current year and plans to spend approximately $1.7 million in fiscal 1992 to be funded by internally generated working capital.

PART II - OTHER INFORMATION.

ITEM 2. CHANGES IN SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits - None.

(b) Reports on 8-K - None..

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INPUT/OUTPUT, INC.

Dated: March 23, 1992

Robert P. Brindley
Senior Vice President,
Chief Financial Officer and Secretary
(Principal Financial Officer)

Ronald A. Harris
Controller
(Principal Accounting Officer)